

Five Broken Promises in the GOP Tax Scam

While jamming the GOP tax scam through Congress, Republicans made a number of promises to middle-class Americans that this bill would grow the economy, create new jobs, increase wages, and give Americans more health care choices. Nearly six months after the bill was signed into law, Republicans are holding the first hearing on H.R. 1, which gives 83% of its benefits to the top 1% of Americans, leaves working families behind, and explodes the deficit by \$1.8 trillion over the next ten years. Here's a look at five promises that Republicans made about the GOP tax scam and how they've fallen short:

GOP CLAIM: Americans will see wage increases from the GOP tax law.

Republicans promised the American people that the tax law would increase wages for American workers. The White House Council of Economic Advisors released a [report](#), touted by [President Trump](#), which said the typical American household would see an average \$4,000 pay increase from the law.

FACT CHECK: Middle-class Americans have not seen substantial wage increases from the tax scam.

According to a [recent Morning Consult poll](#), the majority of Americans have not seen an increase in their pay check under the new law. While 2% of Americans have received one-time bonuses, a majority of companies are sharing the benefits of the law with wealthy investors – not increasing pay or benefits. In fact, the law is overwhelmingly benefitting wealthy investors in the form of record dividend and share buybacks:

Alan Viard, an American Enterprise Institute economist: “I assume those things are bonuses that [companies] would have done because of the tighter labor market that now exists anyway that they are now attributing to the tax cut for PR reasons or to curry favor with the president.” [Politico, [5/14/18](#)]

Howard Silverblatt, senior index analyst at S&P Dow Jones Indices: “Buybacks are expected to increase, potentially setting a new record for the year, with total shareholder return [of buybacks and dividends for the S&P 500] topping \$1 trillion for the first time.” [CBS News, [5/2/18](#)]

Even Republicans are admitting the law does not benefit American workers:

Senator Marco Rubio (R-FL): “There is still a lot of thinking on the right that if big corporations are happy, they’re going to take the money they’re saving and reinvest it in American workers... In fact they bought back shares, a few gave out bonuses; **there’s no evidence whatsoever that the money’s been massively poured back into the American worker.**” [The Economist, [4/26/18](#)]

GOP CLAIM: The GOP tax law will create jobs in the United States.

President Trump: “Factories will be pouring into this country... The tax cut will mean more companies moving to America, staying in America and hiring American workers right here.” [Rally Remarks, [11/29/17](#)]

FACT CHECK: The tax law has not created new jobs and thousands of workers are being laid off.

While corporations have seen record breaking profits due to the tax scam, corporations are using this money to enrich investors through stock buybacks and dividends, rather than expanding their operations and adding new jobs in the United States. In fact, a number of corporations have announced layoffs following the GOP tax scam:

Comcast: “Just two weeks before Christmas, hundreds of Comcast door-to-door salespeople were called into company offices and fired from their jobs...” [Newsweek, [1/5/18](#)]

AT&T: “Many employees will be getting laid off in the coming weeks... The company is cutting nearly 12 percent of its technicians who install U-verse and DirectTV in the Indianapolis area, according to union figures.” [Indianapolis Star, [1/2/18](#)]

Walmart: “The world’s largest retailer and private employer, officially called Wal-Mart Stores Inc, will shutter 63 of its Sam’s Club discount warehouses, or about one tenth of the chain overall, according to a senior company official who declined to be named.” [Reuters, [1/11/18](#)]

ArcelorMittal: “... [The company] announced that it would lay off 150 of the plant’s 207 workers next year. While the cuts will start with the most junior employees, they will go so deep that even workers with decades of experience will be cast out.” [New York Times, [12/22/17](#)]

Additionally, tax experts say the GOP tax law would make it easier to send jobs out of the country:

Kimberly Clausing, an economist at Reed College in Portland, OR: “It’s sort of an America-last tax policy... We are basically saying that if you earn in the U.S., you pay X, and if you earn abroad, you pay X divided by two.” [New York Times, [1/8/18](#)]

Steven M. Rosenthal, an expert at the nonpartisan Tax Policy Center: “There are lots of great retail markets out there... The new rules might yet encourage jobs and factories to be shipped offshore.” [New York Times, [1/8/18](#)]

GOP CLAIM: The GOP tax law will pay for itself in economic growth.

Treasury Secretary Steven Mnuchin: “The plan will pay for itself with growth.” [Washington Post, [4/20/17](#)]

FACT CHECK: The GOP tax scam will add trillions to the deficit over the next ten years.

The non-partisan [Congressional Budget Office](#) released an analysis showing that the law will add over \$1.8 trillion to the deficit over the next ten years. In fact, OMB Director Mick Mulvaney admitted in a hearing that the [bill will not pay for itself](#). Republicans responded:

Senator Bob Corker (R-TN): “If it ends up costing what has been laid out here, it could well be one of the worst votes I’ve made.” [The Hill, [4/11/18](#)]

And economists are warning of the impact:

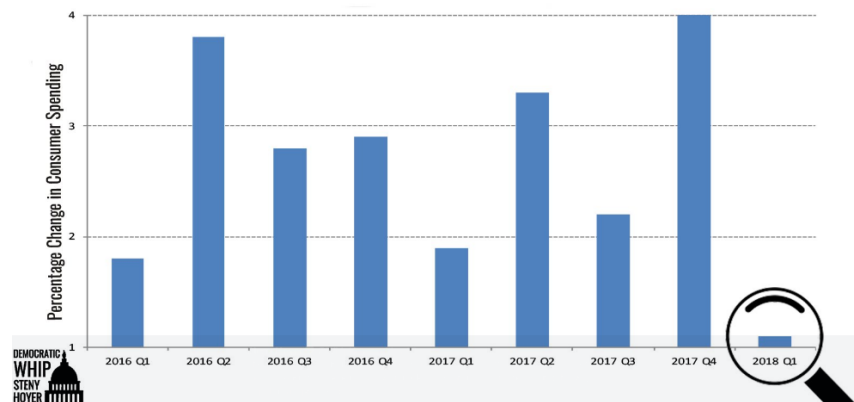
“The country’s debt load is seen spiraling compared with the rest of the world, with **forecasts showing that in five years it will have a bleaker outlook than even Italy**, the perennial poor man of the Group of Seven industrial nations... ‘**Once you pass \$1 trillion deficit, it paints a picture of a country that has lost control of its finances,**’ Brian Riedl, a senior fellow at the Manhattan Institute and a former chief economist for Ohio Senator Rob Portman.” [Bloomberg, [5/2/18](#)]

GOP CLAIM: Middle-class Americans – not the wealthy – will be the primary beneficiary of the GOP tax scam.

Ways and Means Chairman Kevin Brady (R-TX): “I think those who benefit the most are middle-class families struggling to keep every dollar they earn.” [Fox News, [9/27/17](#)]

FACT CHECK: The wealthiest Americans and corporations have overwhelmingly profited from the GOP tax scam – not working Americans.

Analysis from the non-partisan [Tax Policy Center](#) found that 83% of the tax breaks in the law go to the top 1% of earners. Now, middle-class Americans are facing economic headwinds including increasing costs of health care, gas, and food, eroding any positive impact of temporary tax cuts for some in the middle class. Here’s a look at the lack of changes in consumer spending:



GOP CLAIM: Repealing the individual mandate will provide freedom and flexibility for Americans to buy the health coverage that fits their needs.

Speaker Paul Ryan: “... We are giving back the freedom and flexibility to buy the health care that’s right for your family.” [Floor remarks, [12/19/17](#)]

FACT CHECK: Republicans’ tax law and continued efforts to sabotage the Affordable Care Act have raised health care costs for millions of Americans in the marketplace.

After failing to pass their TrumpCare bill, Republicans repealed the individual mandate in their tax law, which will destabilize the market, raise out-of-pocket costs for millions of consumers, and result in millions of Americans losing coverage. The [Congressional Budget Office](#) analysis found that this will lead to 13 million Americans losing coverage over the next ten years and higher premiums and out-of-pocket costs for millions more. Republicans are now admitting the mandate repeal will undermine the market and lead to higher costs:

Former HHS Secretary Tom Price: “There are many—I am one of them—that actually believe that will harm the (risk) pool in the exchange market... Younger and healthier people may now not participate in that market and consequently that drives up the costs for other folks.” [Modern HealthCare, [5/1/18](#)]